

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION:

DATE:

January 19, 2007

RECOMMENDATION

FY 2007 GENERAL FUND BUDGET INTERM STATUS

ACTION REQUESTED

It is requested that the fiscal 2007 General Fund Budget Interim Status Report as of November 30, 2006 be accepted and placed on file.

STAFF SUMMARY

This report overviews the year-to-date revenues and expenditures versus the operating plan as of November 30, 2006.

General Fund revenues through November 30, 2006 total \$147.1 million, or 61 percent of plan.

Appropriations received to-date from the State of Michigan total \$20.9 million.

Combined enrollments total 266,796 student credit hours (SCH), or 98 percent of the summer and fall plan. Other student fee revenues are forecast to meet or exceed plan.

General Fund expenditures total \$88.0 million or 35.75 percent of the original plan.

FISCAL IMPLICATIONS

Expenditures are generally consistent with past levels and are within the approved operating plan. Costs and revenues are being closely monitored. A reduction in revenue due to enrollment shortfall is anticipated.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

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Fiscal 2007 General Fund Interim Budget Status Report July 1, 2006 through November 30, 2006

The General Fund budget interim status report compares budget to actual revenues and expenditures. The data contained within represents posted activity to the Financial System through November 30, 2006. Reported enrollments include summer and fall terms.

Summary

Revenue and expenditure activity over the Five months of the fiscal year are not finalized and in scope indicate a one-percent decline in enrollment to budget net of a one-percent provision.

REVENUES

In July the Board of Regents approved a General Fund Base Revenue budget of \$241.4 million, which included an aggregate five percent tuition increase effective fall 2006. In September the Board approved prior year carryforward of \$4.9 (see attached). The revised revenue authorization totals \$246.3 million.

	(millions)
General Fund Revenue Budget	\$239.8
Provision for Bad Debt Expense	<u>\$1.6</u>
FY 2007 Revenue Authorization	<u>\$241.4</u>
 Prior Year Carry forward Authorizations	 <u>\$4.9</u>
Total Revised Revenue Budget	<u>\$246.3</u>
 Anticipated enrollment decline one percent (net of provision)	 (\$1.4)
Projected Revenue Expectation	<u>\$244.9</u>

Through the end of this reporting period, \$147.1 million, or 61 percent of planned current year revenue has been recorded. Enrollment is anticipated to be down two percent this year netted against a one percent provision or (\$1.4) million, resulting in a preliminary Projected Revenue Expectation of \$244.9 million.

Appropriation

The University's FY2007 appropriation from the State of Michigan totals \$78.2 million. Through November, \$20.9 million or 26.8 percent of the current year appropriation budget has been received.

Enrollments, Tuition and Fees

The original Enrollment Plan forecast 541,023 SCH (student credit hours), representing \$151.3 million in tuition and fee revenue (including General Fees).

Tuition revenues totaled \$119.7 million, which includes summer 2006, fall 2006 and part of winter 2007. The total student credit hours of 266,796 for summer and fall is 98 percent of planned enrollment. Summer and fall enrollments were below the plan by 5,503 student credit hours, or two percent. Planned revenues include a provision for a one-percent enrollment shortfall. As a result, net tuition revenue will fall short of plan by one-percent or \$1.4 million.

Other Revenues

Other General Fund revenues, including miscellaneous student fees (Library, registration fees, late fees etc.) are accumulating at or above planned levels.

EXPENDITURES

The Board of Regents approved the fiscal 2007 General Fund operating budget of \$241.4 million in July 2006. In September 2006 the Board authorized carry forwards from the prior year of \$4.9 million, increasing the spending authorization to \$246.3 million.

	(millions)
General Fund Expenditure Budget	\$239.8
Provision for Bad Debt Expense	<u>\$1.6</u>
Sub-Total Expenditure Authorization	<u>\$241.4</u>
Prior Year Carry forward Authorizations	<u>\$4.9</u>
Total Expenditure Authorization	<u>\$246.3</u>
Anticipated Expense over Authorization	\$0
Total Forecast Expenditures	<u>\$246.3</u>

To date, General Fund expenditures and transfers total \$88.0 million or 35.75 percent of the original plan. Prior year expenditures through November totaled 37.3 percent of the revised plan. This level of spending is consistent with historical experience.

Overall spending to date is generally consistent with the revised plan.

Personal Services

Personal service budgets and authorized positions are centrally controlled and closely monitored. Authorized positions and expenditures for both faculty and staff are within plan.

Fiscal year-to-date total compensation for faculty, staff and other personal services total \$56.1 million or 33.5 percent of plan.

Staff salary savings from vacant positions have increased over prior year levels, in part due to the new incentive to share vacancy savings with the divisions. During the first Five months of this fiscal year the university has averaged 54 staff vacancies versus 39 a year ago. Staff salary recoupment, including benefits, is expected to meet plan.

SS&M/Travel/Equipment

Support expenditures to date are occurring at a rate lower than the prior year pace. Through November expenditures represented 37.1 percent of plan versus 45 percent a year-ago. Current fiscal year expenditures are preliminary but it is anticipated that they will be within the operating plan.

Other operations at this time are consistent with the operating plan.

EXTENDED PROGRAMS

Extended programs are largely self-supporting activities. Revenue and expenditure activity to date is consolidated as part of the overall general fund operations as reported above.

Continuing Education/Extended Learning program expenditures total \$6.3 million or 36.3 percent of the \$17.3 million budget. Tuition and program fee revenue to-date of \$13.5 million represents 63.9 percent of the \$21.2 million revenue plan.

CONCLUSION

After 5 months, it is anticipated that enrollment will fall short of projections this fiscal year by a net of 1 percent after provision. This equates to a financial impact of approximately (\$1.4) million, expenditures are below or at planned levels. Preliminary Winter 2007 enrollment figures indicate a slight increase over plan. This increase can help offset the one percent shortfall noted above. This situation will be closely monitored to make sure FY 2007 expenditures do not exceed revenues.

Eastern Michigan University
FY 2007 GENERAL FUND BUDGET STATUS REPORT
November 30, 2006

	FY2007 Original Budget a	FY2007 Budget Reallocations b	FY2007 Budget Prior Yr Bal. c	FY2007 Revised Budget e (a+b+c)	FY2007 Actual 11/30/06 f	FY2007 Actual % of Budget g (f/e)	FY2007 Forecast Actual 6/30/07 h	6/30/07 Projected Surplus/Deficit (O)/U Plan i (e-h)
Revenues								
Appropriation	\$78,168,700			\$78,168,700	\$20,939,010	26.79%	\$78,168,700	\$0
Tuition and Fees	\$151,310,408		\$0	\$151,310,408	\$119,749,952	79.14%	\$149,884,200	(\$1,426,208)
Other Revenue	\$10,471,873		\$0	\$10,471,873	\$5,010,380	47.85%	\$10,471,873	\$0
Designated Fund Transfer	\$1,429,332			\$1,429,332	\$1,429,332	100.00%	\$1,429,332	\$0
Total Revenue	\$241,380,313	\$0	\$0	\$241,380,313	\$147,128,674	60.95%	\$239,954,105	(\$1,426,208)
Appropriation Rebate Prior Year C/F Balances	\$0	\$0	\$4,959,040	\$4,959,040	\$0		\$4,959,040	\$0
Total Approved Funding*	\$241,380,313	\$0	\$4,959,040	\$246,339,353	\$147,128,674	59.73%	\$244,913,145	(\$1,426,208)

Expenditures								
Faculty Salaries	\$64,287,558			\$64,287,558	\$19,885,841	30.93%	\$64,287,558	\$0
Staff Salaries	\$47,207,519			\$47,207,519	\$17,216,129	36.47%	\$47,207,519	\$0
Other Personal Services	\$3,952,789			\$3,952,789	\$1,189,938	30.10%	\$3,952,789	\$0
Student Help	\$6,910,208			\$6,910,208	\$2,812,071	40.69%	\$6,910,208	\$0
Benefits	\$44,918,011			\$44,918,011	\$14,992,146	33.38%	\$44,918,011	\$0
Sub-Total Compensation	\$167,276,085	\$0		\$167,276,085	\$56,096,125	33.54%	\$167,276,085	\$0
SS&M/Travel/Equipment*	\$31,648,020		\$4,959,040	\$36,607,060	\$13,585,442	37.11%	\$36,607,060	\$0
Utilities	\$8,337,445			\$8,337,445	\$1,053,200	12.63%	\$8,337,445	\$0
Financial Aid	\$19,842,367			\$19,842,367	\$8,318,154	41.92%	\$19,842,367	\$0
Distribution to EMU Foundation	\$1,837,425			\$1,837,425	\$1,837,425	100.00%	\$1,837,425	\$0
Recharges	(\$3,465,914)			(\$3,465,914)	(\$1,441,450)	41.59%	(\$3,465,914)	\$0
Other Transfers	\$15,901,516			\$15,901,516	\$8,627,259	54.25%	\$15,901,516	\$0
Sub-Total Operating Expense	\$74,100,859	\$0	\$4,959,040	\$79,059,899	\$31,980,030	40.45%	\$79,059,899	\$0
Total Expenditures	\$241,376,944	\$0	\$4,959,040	\$246,335,984	\$88,076,155	35.75%	\$246,335,984	\$0
Net Funding	\$3,369	\$0	\$0	\$3,369	\$59,052,519		(\$1,422,839)	(\$1,426,208)

* Includes bad debt expense